

TIL LOGISTICS GROUP FY19 RESULTS

- TIL Logistics Group Limited has reported on its first full year as a listed company, in its FY19 results for the 12 months to 30 June 2019.
- Strong first half growth, with revenue gains across all divisions partly offset by a higher cost base, additional expenses in the second half of the year and a slower market in 2H19.
- Growth initiatives having a positive impact, particularly the acquisition of Specialised Lifting and Transport Group and investment into additional warehouse capacity.
- EBITDA and adjusted EBITDAⁱ ahead of prior year despite increased cost base and investment into growth initiatives.
- NPAT of \$4.0m reflects full year of costs associated with being a listed company, investment into growth initiatives, slowdown in 2H19 and additional contingent consideration provisioning for MOVE Logistics of \$2.6m. Adjusted NPAT of \$6.6mⁱ.
- The Board has declared a final fully imputed dividend of \$2.5 cents per share (cps), taking full year dividends to 5.0 cps.
- Improved performance expected in FY20, driven by new customer contracts, additional warehousing capacity, organic growth and the benefits of FY19 investment into growth initiatives.

\$Millions	FY19	FY18	Variance
Sales Revenue	355.1	325.6	9%
Total Income	360.6	331.5	9%
EBITDA	25.4	6.9	268%
Adjusted EBITDA	28.0	26.2	7%
NPAT/NLAT	4.0	(12.2)	
Adjusted NPAT	6.6	7.1	-7%
Net Operating Cashflow	19.4	10.4	87%
Total Assets	176.4	151.7	16%
Bank Debt	(84.3)	(73.9)	14%
Dividend (cents per share)	5.0	2.3	117%

New Zealand freight and logistics company, TIL Logistics Group Limited (NZX: TLL, “TIL”), has reported business growth and increasing sales for the 2019 financial year, with results reflecting investment into growth initiatives and a higher cost base.

Highlights for the FY19 year ended 30 June 2019 included the acquisition of Specialised Lifting and Transport Group (SLTG), the renewal of two major customer contracts with Z Energy and Farmlands and the opening of three new warehouses in the second half of the year. The company’s commitment to reducing its environmental impact continues and TIL was a signatory to the Climate Leaders Coalition and signed a memorandum of understanding with Hirlinga Energy to develop hydrogen fuel cell technology transport solutions.

Sales revenue for FY19 was \$355.1m, up 9%. Revenue gains were delivered across all divisions, with particularly strong growth from Warehousing & Logistics as new warehousing capacity came online in the second half of the year. The specialist sector grew significantly following the acquisition of Specialised Lifting and Transport Group, which delivered additional revenue of

\$11.8m. Pleasingly, the Bulk Liquids division also delivered a year on year increase in sales revenue despite a strong prior year that included one off revenue gains from the pipeline disruption. Multiple long term fuel delivery contracts were secured in FY19, underpinning the business going forward.

Operating costs increased to \$332.6m, reflecting the higher cost environment, expenses associated with growth initiatives and a full year of being a listed provider with associated corporate and governance costs.

The higher operating cost environment has continued and is being managed closely, including fluctuating fuel prices, road user charges and regional fuel taxes, increased wage costs and higher costs for parts and equipment due to the lower exchange rate. Unexpected demurrage costs were also incurred in 2H19.

Growth initiatives have also had a cost impact, with increased property rent costs (particularly due to expanded warehousing capacity); wages and fleet lease costs; establishment of the Senior Leadership Team; and higher repairs and maintenance due to new fleet decisions being delayed into FY19 while new contracts were finalised and tightening legislation.

Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) was up on the prior year to \$25.4m with an increase in adjusted EBITDA to \$28.0m. Earnings growth was primarily seen in the first half, with Freightling, Specialist and International divisions all delivering full year improvements. Warehousing & Logistics and Bulk Liquids both reflect the costs associated with growth initiatives that will provide long term value for the business, particularly new warehousing capacity and set up costs prior to major new customer contracts commencing.

Net Profit After Tax (NPAT) was \$4.0m. A profit improvement was delivered in the first half, with the second half profit gains offset by increased finance costs, depreciation and the \$2.6m additional provision for the deferred acquisition consideration related to MOVE Logistics. Excluding the deferred acquisition consideration, adjusted NPAT was \$6.6m.

The Board has declared a final FY19 fully imputed dividend of 2.5 cps, taking full year dividends to 5.0 cps. The Dividend Reinvestment Plan will be operational for the FY19 final dividend.

CEO of TIL, Alan Pearson, said: "FY19 was a year of business growth with expanded capacity, new business acquisitions and wins and organic growth. A significant focus for management was the continuing amalgamation of TIL's brands and businesses into a cohesive group organisation, which allows us to offer our customers an end to end supply chain offer.

"TIL is well positioned to continue building on its strengths and the new opportunities that are available to us as we meet our customers' needs and enhance their experience of TIL through the use of technology and consistent quality service delivery."

Outlook

TIL Logistics is expecting an improved performance in FY20, driven by new customer contracts, additional warehousing capacity, organic growth and the benefits of FY19 investment into growth initiatives.

The transport and logistics sector remains fragmented and TIL is well positioned to build both organically and through carefully selected acquisitions. Opportunities have been identified across all sectors to improve volumes and utilisation, expand the offer and drive efficiencies.

TIL expects ongoing high demand from the food, rural and building & construction sectors. Growth opportunities have been identified for all TIL's divisions, particularly in Specialised, International and non-fuel Bulk Liquid haulage.

The benefits of FY19 growth initiatives will start to be seen in FY20, with additional warehousing capacity due to come online later this year, full year benefits from new customer contracts that commenced in late FY19 and a full year contribution from SLTG. In addition, the restructure of NZL into separate freighting and transport services will deliver synergy and cost benefits in FY20.

Significant projects will include the opening of a further two warehouses as well as site expansion in Auckland and implementation of new IT systems for Freighting and Bulk Liquids, which will drive efficiencies and improve the customer experience.

ENDS

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About TIL Logistics Group Limited (TLL)

TLL is one of the largest domestic freight and logistics businesses in New Zealand, with a nationwide network of branches, depots and warehouses. TLL's activities include transporting and warehousing freight throughout New Zealand and co-ordinating freight movements offshore with the assistance of international alliances. TLL also has a specialist road tanker division that is one of the largest operators in the New Zealand fuel delivery market.

ⁱ Earnings Before Interest Tax Depreciation and Amortisation (EBITDA) and Adjusted EBITDA are non-GAAP measures. Adjusted EBITDA and Adjusted NPAT exclude non-trading costs associated with the reverse listing process that occurred in FY18, share based payments, share of loss of associates, impairments and the revaluation of deferred consideration for acquisitions. Financial glossary is available in the FY19 Results Presentation.